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SOURCE Hua Shang Pao.

BANK OF CHINA REVEALS EXPORT LOAN PLANS

The Bank of China, in Shang-hai, has recently been very active in an attempt to promote foreign and domestic commerce. Action is being taken chiefly in the form of various types of loans which, in view of the present blockade situation, are designed to extend aid to cover a variety of conditions. Loans are being extended to the Foreign Trade Company to aid its purchasing program, and to private export firms to aid in transshipment abroad from T'ien-cning.

The five types of loans are as follows:

1. Fixed term, fixed amount credits, and short term loans, designed to help private merchants who are unable to export or who deal in seasonal products. Loans are made to the Trading Company, which purchases the goods. This procedure is the equivalent of aiding the direct producers of such articles as tea, silk, wood oil, and bristles.
2. Cash loans to be repaid in commodity equivalents, designed to aid factories and firms to purchase raw materials, install equipment, pay wages, etc. Rates of conversion when drawing or repaying loans will be the daily posted rate of the Savings Department of the Bank of China in people's banknotes, or in goods proposed by the borrower and agreed upon by the bank.
3. Loans for advances on orders for goods. The contract price will be agreed upon by both sides and funds will be advanced in installments as various stages of the processing are completed.
4. Import and export exchange credits.
5. Packaging loans, designed to promote the export trade and increase the intake of foreign exchange. Exporters may apply for these loans on goods for which there is a known market abroad or for which exporters have telegraphed or mail orders in hand.

The Bank of China called a meeting of representatives of exporting firms on 7 September 1949 to discuss problems connected with the implementation of the above projected program. About 20 representatives of such firms were present, including straw hat, needlework, peppermint, feathers, and light-industry products exporters.

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Matters discussed were present conditions confronting all exporters, market prices, foreign prices, stocks on hand, transport conditions, sales markets, present plans, and matters urgently requiring settlement. Besides reporting on general conditions, the representatives raised questions of foreign exchange problems.

The assistant manager of the bank in replying stated: (1) The Bank of China is the official foreign exchange agency. (2) To encourage exports, the rates for foreign exchange are set freely by agreement between buyers and sellers, but the situation now is unbalanced because of special circumstances. He believed that with the resumption of normal trade, a more logical exchange rate will be reached. (3) In the matter of capital, the Bank is anxious to help and ready to consider problems concerning bills of exchange, guarantee deposits, etc., and hopes those having constructive suggestions to make would present them to the Bank. (4) The problem of seasonal exports required consideration. A portion of the Bank's funds had been earmarked for use by the Foreign Trade Company, for purchase of local products.

Loans would be considered on deals involving real flow of capital, and not hoarding as in the past. The Bank was in the process of devising measures to cope with the problems of distribution of foreign exchange permits. He solicited the support of the organization represented at the meeting in helping the Bank bring about an increase of exports.

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